

## Message Text

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PAGE 01 PRAGUE 01293 030805Z

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ACTION EUR-12

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R 021400Z JUN 75  
FM AMEMBASSY PRAGUE  
TO SECSTATE WASHDC 8193  
INFO USDOC WASHDC  
AMEMBASSY BUCHAREST  
AMEMBASSY VIENNA  
AMEMBASSY WARSAW

UNCLAS PRAGUE 1293

E.O. 11652: N/A  
TAGS: BEXP, CZ  
SUBJ: ILLINOIS IOGA TRADE MISSION

REF: STATE 024658

BEGIN SUMMARY: TRADE MISSION VISIT TO PRAGUE WAS JUDGED A SUCCESS BY ALL PARTIES INVOLVED. FIVE OF EIGHT FIRMS WHICH PARTICIPATED INTEND TO SEND REPRESENTATIVES BACK TO PRAGUE FOR FURTHER DISCUSSIONS IN NEXT FEW WEEKS OR MONTHS. CZECHOSLOVAKS WERE CONVINCED OF SUPERIORITY OF U.S. CONSTRUCTION EQUIPMENT IN MANY AREAS, AND WOULD PURCHASE MORE IF POLICY CONSIDERATIONS AND SEVERE HARD CURRENCY SHORTAGES WERE NOT FACTORS AT THIS TIME. APPARENTLY, HOWEVER, THERE IS CURRENT POLICY IN CONSTRUCTION SPHERE AGAINST WIDER PURCHASES OF EQUIPMENT FROM WEST GERMANY. IN EMBASSY VIEW, THIS MAY APPLY IN OTHER SECTORS AS WELL.

END SUMMARY.

1. WE BELIEVE THAT VISIT TO PRAGUE OF ILLINOIS IOGA TRADE MISSION WAS REWARDING FOR MISSION MEMBERS, CZECHOSLOVAK OFFICIALS WITH WHOM THEY MET, AND EMBASSY, WHICH MADE VALUABLE NEW CONTACTS IN CONSTRUCTION INDUSTRY. EXCEPT FOR HARNISCHFEGER, MEMBERS FIRMS HAD EITHER NEVER SOLD IN CZECHOSLOVAKIA, OR HAD BEEN INACTIVE HERE FOR SOME YEARS. BLAW-KNOX AND UNIVERSAL FORM CLAMP (SURPRISINGLY) ARE ONLY  
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PAGE 02 PRAGUE 01293 030805Z

FIRMS THAT EXPECT TO MAKE ANY IMMEDIATE SALES, BUT MARKIN,

AND GALAMBOS OF FIAT-LLIS, BOTH MET WITH HIGH-LEVEL OFFICIALS WHO EXPRESSED INTEREST IN THEIR PROPOSALS, AND A DESIRE TO HOLD FURTHER DISCUSSIONS.

2. GALAMBOS OF FIAT-ALLIS WAS TAKEN ASIDE BY THE CZECH DIRECTOR OF CIVIL ENGINEERING FOR A LONG PRIVATE DISCUSSION DURING GENERAL MEETING ON MAY 26. REGRETTABLY, LESLIE MANUFACTURING REPRESENTATIVE CANCELLED HIS APPOINTMENTS AND LEFT TWON EARLY IN ORDER TO ATTEND TO AN URGENT MATTER IN EGYPT. THE ETNYRE REPRESENTATIVE LEARNED THAT THE BLACK TOP SYSTEM OF PAVING IS NOT ONE THE CZECHS FAVOR, BUT HE EXPRESSED VIEW THAT AFTER A DETAILED STUDY OF ETNYRE'S LITERATURE, THEY MIGHT CHANGE THEIR MINDS.

3. THANKS MAINLY TO PRESENCE OF LEONARD DECKER OF BLAW-KNOX, GENERAL MEETING WITH END-USERS CONTINUED THROUGH THE MORNING OF MAY 26, THE BUFFET LUNCHEON, AND A PANEL DISCUSSION IN THE AFTERNOON, EFFECTIVELY TURNING MEETING INTO A RESPECTABLE TECHNICAL SEMINAR. IT IS TRUE OTHER PARTICIPANTS WERE NOT AS WELL PREPARED TO ENTER INTO DETAILED TECHNICAL DISCUSSIONS AS DECKER, BUT THEIR GOOD FILMS AND SLIDE PRESENTATIONS WERE VERY WELL RECEIVED.

4. A RECEPTION GIVEN AT HOME OF EMBASSY CONTROL OFFICER DREW A NUMBER OF IMPORTANT CONSTRUCTION OFFICIALS, WHO MADE SOME SURPRISINGLY FRANK COMMENTS ABOUT AMERICAN VERSUS RUSSIAN AND OTHER CEMA-PRODUCED CONSTRUCTION EQUIPMENT. THEY SAID WE WERE PREACHING TO CONVERTED; THEY ALREADY KNEW THAT OUR EQUIPMENT WAS FAR SUPERIOR, AND WANTED MUCH MORE OF IT. PROBLEM LAY, HOWEVER, WITH THE MINISTRY OF CONSTRUCTION, AND THE PLANNING COMMISSION WHO MUST APPROVE HARD CURRENCY IMPORTS INTO THIS SPHERE. ONE IMPORTANT CONTRACTOR HAD USED BLAW-KNOX MACHINERY TO BUILD ROADS IN THE MIDDLE EAST, AND REPORTED THAT HE HAD HAD DIFFICULTIES EVEN IN GETTING HARD CURRENCY FOR SPARE PARTS, AND, SILLY AS IT MIGHT SEEM, HAD THEREBY HAD HIS EQUIPMENT OUT OF OPERATION FOR MONTHS AT A TIME. HE SAID THAT SUPPLY OF HARD CURRENCY SEEMS TO BE SHRINKING NOW, RATHER THAN EXPANDING. ON MORE POSITIVE NOTE, HARNISCHFEGER REPRESENTATIVE SAID THAT CZECHS HAVE ASKED HIM TO QUOTE HARNISCHFEGER CRANES PRODUCED IN U.S. UNCLASSIFIED

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PAGE 03 PRAGUE 01293 030805Z

RATHER THAN IN FRG, ALTHOUGH THEY ARE TECHNICALLY IDENTICAL AND COST THE SAME. FINALLY, SEVERAL CZECH OFFICIALS INDICATED THAT IT WAS NOW SETTLED POLICY WITHIN FOREIGN TRADE AGENCIES, AT LEAST IN CONSTRUCTION SPHERE, TO AVOID PURCHASING FROM WEST GERMAN SUPPLIERS WHEREVER POSSIBLE. (EMBASSY PRESUMES THAT THIS NEW POLICY HAS APPLICABILITY IN OTHER SECTIONS OF ECONOMY AS WELL, AND WILL TRY TO CONFIRM THIS HUNCH IN CONVERSATIONS WITH OTHER FT OFFICIALS.)

5. IN CONCLUSION, AT LEAST FIVE OF EIGHT FIRMS ON MISSION WILL HAVE PERSONNEL RETURN TO PRAGUE IN THE NEXT FEW WEEKS OR MONTHS FOR FURTHER DISCUSSIONS. FOUR OF THESE FIVE ARE NEW TO MARKET. THERE SEEMED TO BE NO QUESTION THAT MISSION MEMBERS CONSIDERED THEIR VISITS TO PRAGUE AND OTHER CITIES SUCCESSFUL. THEY PREFERRED THOUGH TO RESERVE DETAILED COMMENTS FOR LETTERS THEY WILL WRITE TO STATE OF ILLINOIS ORGANIZERS RATHER THAN MAKE THEM IN AN OPEN DEBRIEFING SESSION, AS HAD BEEN PLANNED. THIS MAY HAVE HAD SOMETHING TO DO WITH COLLECTIVE CONCERN THAT CONVERSATIONS IN HOTEL BRIEFING ROOM WERE NOT COMPLETELY SECURE. WE THUS CAN MAKE NO ESTIMATE OF GROSS SALES LIKELY TO FLOW FROM THIS TRADE MISSION, EITHER IN SHORT OR LONG TERM. IN OUR EXPERIENCE, SUCH ESTIMATES ARE POOR INDICATORS OF A TRADE MISSION'S SUCCESS IN CZECHOSLOVAK CONTEXT, ANYWAY. PERRY

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